LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00267 8457

Strategic Plan for Shared Services in British Columbia

DOC
BC
M36
D:S77
2002
c.3

Ministry of Management Services
February 2002

2002

102-03483/

Strategic Plan for Shared Services in British Columbia

TABLE OF CONTENTS

INTRODUCTION	1
BACKGROUND	1
SHARED SERVICES IN BC	2
CURRENT SUPPORT SERVICE DELIVERY IN BC	2
SUPPORT SERVICE DELIVERY	3
NEW WORKING RELATIONSHIPS	4
SHARED SERVICES AGENCY STRUCTURE	4
PROJECT TIMEFRAMES	6
Early Implementers	6
NEXT STEPS	7
Implementation Planning	7
MORE INFORMATION ABOUT SHARED SERVICES	7

Strategic Plan for Shared Services in British Columbia

Introduction

The purpose of this document is to describe the strategic plan of the British Columbia government to establish a program of "shared services" to its ministries and eventually, to the broader public sector.

Shared services refers to the practice of ministries within governments or business units within organizations sharing a common set of required support services rather than having a series of support functions duplicated in each ministry.

The strategic plan sets the broad direction for the detailed planning and implementation of this service system. The new system will see ministries become "clients" of a new service delivery agency, with direct input to the service levels they receive and the related costs. Because ministries will become clients, they will play a key role in both the planning of the system and its implementation. The detailed planning was initiated in January 2002, and implementation will take up to three years to complete.

Background

The BC government's "New Era" vision includes a commitment to providing responsible, accountable management of public resources and taxpayer dollars. In June 2001, the Premier directed the Minister of Management Services to assist in meeting this commitment by developing a program for delivering shared support services for government that could also be expanded to the broader public sector.

In response to this direction, the Ministry of Management Services is leading the development of shared services, which requires two major "shifts" in government's internal operations that will reduce duplication, cut costs, and allow government resources to be freed-up for direct taxpayer services. These shifts are:

- moving away from having common support services duplicated in many areas of government to having a single agency deliver them; and
- separating support service delivery roles from governance roles.

This is a major cultural shift and a complex change in the management of government's internal operations and will require commitment, involvement and coordinated planning.

To help ensure the success of this initiative, the ministry will work closely with client ministries, other government bodies and other stakeholders throughout the planning and implementation to ensure a shared services delivery system that is client-focused and responsive.

Shared Services in BC

In BC, shared services will mean the "pooling" of expertise and resources to provide support services (both transactional and advisory) to client ministries in these areas: finance, administration, information technology, and procurement and supply. Within those areas, some services are more ready than others to move into shared services delivery, and will be implemented as the first phase of the full delivery system to accrue early benefits to ministry clients.

The support services will be delivered by a new, client-focused, single agency that is committed to being responsive to the needs and satisfaction of the ministries and other clients it serves and capture economies of scale to lower the cost of government's support services.

The difference between the features of a centralized service delivery model and a shared services system should be noted. A central system is useful where economies of scale are the main focus or goal. By contrast, a shared service system can achieve economies of scale while also being flexible enough to meet client needs and offer varying service levels. Also, the service costs to ministries are often not within the ministries' control under a centralized system because the resources and budgets are held by the central organization that delivers the service.

With a shared services system, services are provided more under a business model where ministry clients define their service needs, choose their services levels, hold the budget, and pay for the services they choose. This should result in responsive service and reduced costs, leaving ministries with more funding available for core services and more time for senior management to focus on non-administrative activities.

Current Support Service Delivery in BC

Ministries deliver most of their own required support services and central agencies also deliver support services. Both central agencies and ministries use a diverse range of processes and technologies and, as a result, service delivery can have inconsistencies, areas of inefficiency, and duplication.

In addition to support services, some central agencies are also providing governance functions, which involve the setting of standards, rules and policies, and monitoring compliance with those standards. Combining service delivery and governance functions often results in conflicting roles and confusion.

The two shifts in government's delivery of internal operations will address both the conflict of roles that currently exists within some central agencies, and issues arising from inefficiencies in duplicated support services across government.

BC has already taken some steps toward shared services delivery in a number of support service areas. Examples include: corporate-wide applications such as the Central Accounting System and Corporate Human Resource Information Payroll System; delivering some support services to groups of ministries or pods; and consolidated services such as BC Mail, the Queens Printer and some information technology and supply services.

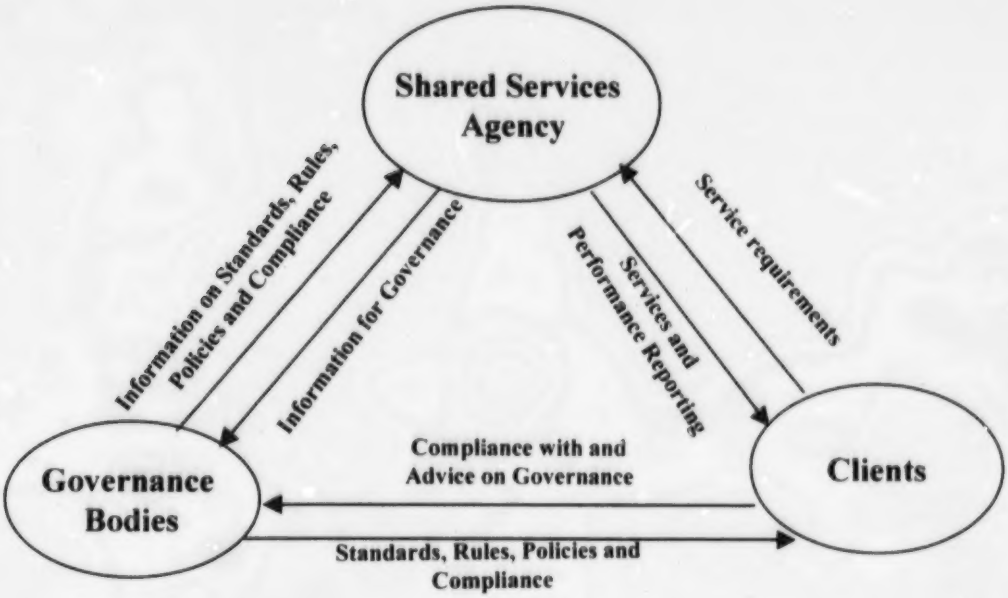
Having taken these steps, BC is well-positioned to move to a full shared services delivery system.

Support Service Delivery under a New Shared System

The key participants in the new shared services delivery system are the clients, the shared services agency, and the governance bodies. Each of these participants will have clear and distinct roles and accountabilities that interact, which is a key factor in the success of delivering shared services. Those roles are:

- **Client ministries** – will focus on their core services to the public. They will also be responsible for the internal strategic functions for support services (for example, budget planning) and the appropriate selection and use of support services from the shared services agency. Clients will also be responsible for identifying their service needs, providing that information to the service agency, providing input to the governance bodies and complying with governance standards.
- **Shared services agency** – will operate in a business-like manner, efficiently delivering quality support services to meet client needs. The support services will include all common transactional and some related professional and advisory services and, where more efficient, may involve outsourcing of services on behalf of all clients. The agency will also provide governance bodies and clients with information necessary for performance measurement, making governance decisions and ensuring compliance.
- **Governance bodies** – will set the standards, rules and policies for delivering services and for the new client role. They will set consistent, clear, flexible direction, and monitor compliance to ensure adherence to this direction.

The roles of the key participants are depicted in the diagram on the following page.



New Working Relationships

The shared services delivery system will result in some new relationships and activities for its key participants:

- **Management Board** – with representation from clients, central governance bodies, and the shared services agency, will be established to ensure the parts of the shared services system function well together.
- **Service Level Agreements** – or *contracts* between clients and the shared services agency, will be used to outline the agency's commitment to meet its clients' needs and mechanisms for ensuring that ministries receive services at the cost and quality agreed to. Client ministries may also have obligations, such as defining their needs, which must be consistent with policies, and providing that information to the shared services agency.
- **Client relations mechanisms** – will be required within both the ministries and shared services agency to deal with service issues including service quality, costs, and other service delivery issues.
- **Cost allocation** – will allow the shared services agency to recover costs from ministry clients for the full costs of providing the services, using a fee structure that is transparent, simple, fair and efficient.

Shared Services Agency Structure

The new shared services agency will be established initially as a component of the Ministry of Management Services. As implementation planning and services are developed, a separate organization will be established.

The shared services agency will be headquartered in Victoria, where most support service resources are currently located, and have four regional centres or offices across the province. This is intended to provide a balance between consolidation efficiency and client responsiveness.

Resourcing and staffing details for the agency will be determined during the implementation planning stage. Staff resources will be drawn from among existing resources in ministries and agencies using a fair process for selecting staff. Wherever possible, transfer of staff will occur as soon as implementation planning is complete to facilitate the new service delivery. Physical relocation to regional sites will follow as required.

Staff will be a key part of the culture change that will see the emergence of a well-performing organization that recognizes business values such as client satisfaction, cost-competitiveness and value added service.

Proposed service areas will be reviewed during the implementation planning to determine regional delivery locations. For example, for some services, most resources are currently located in Victoria and regional delivery of these services may not be required. Where some co-location of resources is essential for service delivery in the regions, a limited number of staff may be located with ministry core services.

Key development and ongoing activities of the shared services agency include: client relations; continuous improvement; performance measurement against benchmarks in terms of customer satisfaction and services costs; cost allocation; and information provision.

Some examples of the service areas the agency may offer to its ministry clients include:

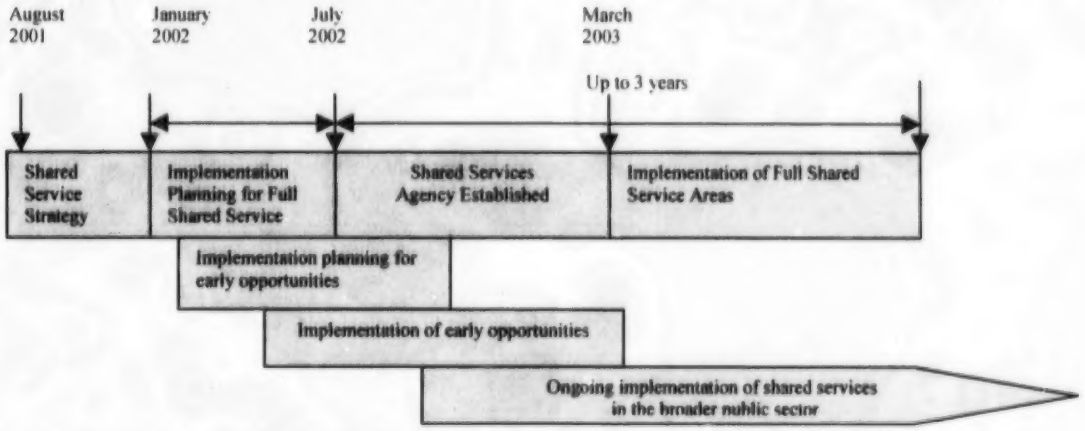
- **Financial service areas** – fixed asset accounting, accounts payable, travel and expense payments.
- **Administrative service areas** – fleet management and travel bookings, telecommunications, printing and copying, facilities management, mail, inventory management, office supplies, and distribution or just-in-time warehousing.
- **Procurement and supply service areas** – supply planning and strategic sourcing, managing solicitation processes such as RFPs and ITQs, corporate contract management, corporate purchase card program, and electronic bidding notification and electronic payment.
- **Information technology service areas** – servers, help desk services, distributed computing, voice/data/mobile and radio network services, cross-government Internet operations, security services for shared infrastructure, common applications and application development.

Services already consolidated in the procurement and supply and information technology areas will be aligned with shared services delivery principles.

In addition, human resources services are currently being consolidated through the Public Service Employee Relations Commission.

Project Timeframes

The chart below illustrates the estimated timeframes to fully implement the new shared services delivery system.


August 2001
January 2002
July 2002
March 2003
Up to 3 years
Shared Service Strategy
Implementation Planning for Full Shared Service
Shared Services Agency Established
Implementation of Full Shared Service Areas
Implementation planning for early opportunities
Implementation of early opportunities
Ongoing implementation of shared services in the broader public sector

The first phase, strategic planning, is now complete. The early stages of the detailed implementation planning is beginning, which will take six months to complete and will require significant involvement of the future client ministries.

A further two to three years is needed to fully implement the system within government, and to effectively deal with the changes required to the related processes, technology, organization and governance. However, as depicted in the chart above, some support services are more ready than others and will be implemented sooner (the "early implementers") to advance the benefits of shared services delivery.

Early Implementers

Some service areas are well positioned for early implementation because some consolidation has already occurred, technology exists to enable them as shared services or they are already delivered under a cost recovery model. The six services and specific implementation goals toward shared services are:

- **Travel payments** – to re-engineer the travel payment processes leading to more streamlined policy interpretation and claims processing, which will reduce manual procedures and handling, in preparation for consolidating related services.

- **Information technology servers** – to consolidate within shared services, all ministry servers and related support staff.
- **Information technology infrastructure help desk** – to consolidate help desk services for information technology infrastructure.
- **Distributed information technology services** – to consolidate services for desktop computers and the associated technology.
- **Purchase card and information technology procurement** – to provide a web-based purchase card system with a direct line to corporate government financial systems, and an online catalogue for the purchase of pre-negotiated information technology items.

Next Steps

Implementation Planning

As the client ministries will play a key role in the success of the shared services system, the shared services management team will work with each of them to begin the detailed implementation planning. Ministry representatives will be involved in establishing the principles and performance measures for shared services as well as planning and implementing for:

- the "early implementers";
- the common development areas; and
- development of further shared services in each area - finance, administration, procurement and supply, and information technology.

More Information about Shared Services

A website providing information about shared services in BC will be updated regularly as shared services moves ahead. For additional reading, the website's "IT Knowledge Centre" link is a valuable resource.

You may also contact the shared services management team at 250 356-9402.